

# **Job Creation Committee**

## **Minutes of the October 16, 2014 Meeting**

### **Call to Order & Establishment of Quorum**

The Job Creation Committee (JCC) meeting was called to order by Chairman Nick Rhoad on Thursday, October 16, 2014 in Conference Room W064 at 9:15 a.m.

Committee members present:

- Nicholas Rhoad, Chairman
- Richard Wilson
- John Wright
- Stefanie Krevda
- Chad Timmerman
- Allen Pope
- Barbara Quandt

IPLA staff members present:

- Ben Evans
- Nick Goodwin

### **Adoption of Agenda & Review of September Minutes**

Chairman Rhoad requested a motion to adopt today's agenda and a motion to adopt the minutes from the September meeting. Nick Goodwin needs to be added to the list of IPLA staff members present, but no other changes are needed to the September JCC minutes. Col Wilson motioned to approve, Mr. Timmerman seconded. Motion carried.

### **Committee Discussion & Recommendation for Board of Accountancy**

Upon reviewing the committee's recommendation for the Board of Accountancy, Chairman Rhoad felt that the committee needed to agree on the language used for item 11. He explained that the other information in the recommendation is fact-based and objective, but item 11 is the group speaking with one voice. Col Wilson asked if our recommendation was to consolidate everything down to one board to oversee accountants. Mr. Rhoad said that the committee could make that recommendation under the statute. Mr. Wright inquired about the language regarding firm permits and reciprocity against firm licenses versus individual licenses. Col Wilson explained that firm permits aren't treated as individual licenses. A representative from the CPA Association explained that Indiana's laws allow firms with permits from other states to practice in Indiana as long as they follow the requirements necessary for licensure in their permit's respective state.

Col Wilson suggested changing the language in the recommendation from "this firm permit" to "a firm permit."

Col Wilson had a question about page one, item two of the committee's recommendation. It states that there is no way to determine the actual cost of the licenses. Should the committee really be implying that the cost of CPA licenses is arbitrary? Mr. Rhoad explained that legislators like to know these kinds of things. The phrasing can be reworded to say that the licensing fees from these boards do not stay with the profession but instead go into the General Fund.

Col Wilson motioned to accept the document as amended with the freedom of the PLA staff to make necessary changes. Mr. Wright seconded. Motion carries.

#### **Presentation from the State Board of Registration for Architects & Landscape Architects**

Amy Hall, Board Director, presented to the committee and discussed license types, license functions, and the establishment and role of the Board. The Board has six staff members, and all staff members also service other boards as well since the PLA is an umbrella agency. Ms. Hall explained the cost of the licenses and where the money is allocated. Dues for professional organizations like NCARB and CLARB are paid for by the Board's enforcement fund. She also explained other associated licensing fees.

Col Wilson asked about the length of the renewal period, and Ms. Hall explained that it is two years. Col Wilson also asked about how enforcement was funded prior to the establishment of the enforcement fund? Ms. Hall did not know.

#### **Presentation from the Indiana Attorney General's Office regarding Architects & Landscape Architects**

Allen Pope presented. Mr. Pope reiterated that the AG's office does not investigate until they receive a complaint. He explained the processes used by case analysts and investigators to discover if a complaint has merit. 2012 saw a huge increase in consumer complaints that ultimately ended in litigation, when it was discovered that a large number of architects were practicing with expired licenses.

Ms. Stefanie Krevda asked Mr. Pope to provide a breakdown of the nature of the complaints received. Mr. Pope explained that most complaints end in a cease & desist letter, a minor administrative error with a license, or no violations are found. He also explained that fines and reprimands are issued against license holders, while cease & desist letters are used for unlicensed professionals. Stefanie asked if most consumer complaints that end up in litigation are about unlicensed individuals. Mr. Pope said that the data confirms that, however, it's not a trend in other professions.

Mr. Pope also explained to the committee that Landscape Architects have considerably less consumer complaints. In 2012, there was a significant increase in construction which led to more industry activity and therefore more consumer complaints.

#### **Report from American Institute of Architects Indiana**

Jason Shelley, Executive Director of AIA-Indiana & Indianapolis chapters presented to the committee. Mr. Shelley discussed AIA history in Indiana as a non-profit organization serving 700 Hoosier architects. He presented the four steps to licensure as education, internship, examination, and licensure. Mr. Shelley explained the profound economic impact of the profession, as in general, the health of the economy is tied to the building sector. Careful licensure of this profession is important, as effective oversight of architects ensures the safety of citizens who use buildings designed by architects. Architects work to anticipate and respond to humanity's needs, including ADA issues, public health/safety, and sustainability.

Mr. Shelley discussed AIA Indiana's ideas for possible improvement from the IPLA Board. Overall, AIA Indiana's members are very happy with the service provided by IPLA. However, they are wanting more robust and dedicated efforts to enforce violations. The current general attitude in the profession is that there is little deterrent to avoid violations, since it seems to be "no big deal" when one is caught.

Mr. Rhoad asked for Mr. Shelley's definition of the practice of architecture. Mr. Shelley responded that some unlicensed individuals advertise themselves as architects, and those reports go straight to the AG's office. AIA would like to have the State Board of Licensed Architects enforcing those licensing violations. Col Wilson asked how the State Board would pursue violations differently than the AG's office. Mr. Shelley explained that the Board has more knowledge of the profession and how the severity of a violation could threaten public safety, whereas the AG's office may not fully understand the urgency of certain violations. Mr. Pope included that the Board has issued five cease & desist orders, and the AG's office is not the final word on enforcement of this professional license. Mr. Shelley responded that as far as he understands it, the only authority that the Board has is over licensed individuals. Col Wilson asked if an unlicensed violator continues to practice after a cease & desist order, would it then become a criminal matter. Mr. Pope responded that yes, but it could also be a criminal matter before a cease & desist is issued depending on the type of violation.

Mr. Shelley continued his discuss AIA's suggestions for improvement. AIA would like to see the fines collected for violations dedicated to an investigative fund instead of going back to the general fund in order to help support more robust investigations. AIA would also like to see more communication from the Board/IPLA to architects and firms. The communications could include recent fines/violations from those in the profession, news/updates about licensing issues, etc...AIA Indiana members ask about it frequently. Mr. Shelley also mentioned that the state used to have a licensing ceremony for newly licensed architects. AIA Indiana members also ask about this a lot as well.

Col Wilson asked Mr. Shelley if he believed that AIA-Indiana could act independently as an agent of the state to license architect professionals. Mr. Shelley believes it could not be done, as AIA-Indiana does not have the staffing or resources. Mr. Rhoad asked if AIA-Indiana could do it if they had the resources. Col Wilson explained a hypothetical situation where the state gave \$20 out of every \$120 licensing fee collected to AIA-Indiana to use as resources to oversee the licenses in this profession. Mr. Shelley stated that it could be possible, but likely difficult. Currently, all 50 states use state agencies to license architects, so there is no precedent. Mr. Shelley asked if liability would fall on AIA or the state if something bad happened. Mr. Pope clarified that as long as the state (or AIA acting as an agent of the state) went through all proper procedures to license an individual or firm, there would be no liability. Ms. Quandt asked about the number of architects in Indiana who are not AIA members. Mr. Shelley responded that about half are not AIA Indiana members.

Mr. Rhoad asked if two years is an appropriate renewal cycle. Mr. Shelley responded that it seems to be, as there are no complaints from AIA members. Mr. Rhoad explained that the two-year renewal cycle is typically related to the General Assembly's budget cycle. He also inquired about the cost of continuing education for this profession. Mr. Shelley responded that the AIA Indianapolis chapter offers one free learning unit per month every year. It's a benefit of an AIA membership to have access to free CE credits if a member wants to utilize it. Larger firms will often provide their own learning units and bring outside people to provide CE courses for their licensed employees. Generally, the cost of CE credits can be free if you know where to look.

Mr. Wright asked about the types of licenses in this profession. Does the Board oversee professional corporation licenses? Mr. Shelley responded that the Board does not license corporations, but the Secretary of State and Secretary of Commerce takes care of that by issuing certificates of authorization. Each state has its own requirements to practice architecture as a firm. An individual license gives one the freedom to practice as a sole practitioner. Col Wilson asked about the 96 architect corporate licenses issued by the Secretary of State. Mr. Shelley responded that someone

doesn't have to be a licensed architect to own an architect firm. As long as they employ a licensed architect on staff, they can advertise and offer architect services.

Regarding CE credits, Col Wilson asked if 12 credit hours per year provided a sufficiently high level of professionalism in the field. Mr. Shelley responded that the AIA requires that its members complete 18 CE credits per year, and most architects find it difficult to stay employed if they do not stay current with their CEs. Mr. Rhoad asked if the state government should be involved in mandating CEs, or should staying employed be incentive enough to keep up with CEs as an architect? Mr. Shelley responded that in a perfect world, CEs would not need to be mandated. He also asked that how far down the road can government involvement be avoided before things go badly? The health/safety/welfare aspect of the public is very important in this profession, and getting the state involved in preventing violations by requiring CEs can help prevent public safety issues in buildings later. Mr. Timmerman asked if it is more or less efficient to devote government resources to the inspection process of buildings instead of the professional licensing of architects and their CEs? Mr. Shelley responded that it's cheaper to oversee licensing, since that can prevent costly and dangerous building mistakes later. Also, catching mistakes on the inspection level could increase construction costs significantly which could inhibit overall levels of construction.

Ms. Krevda asked about the reciprocity aspect of Indiana's architecture licenses. Mr. Shelley responded that Indiana's licenses are simple and similar to other states. NCARB is a professional organization that handles a lot of the federal licensing issues that helps you get licensed in multiple states by keeping track of which exams you pass and where you are licensed. NCARB will also send your licensure paperwork to other states on your behalf. AIA Indiana would like to see some kind of ethics course added to the licensure path, as most other states have an ethics aspect of their licensing requirements. Mr. Wright asked if NCARB has any ethics requirements for their membership. Mr. Shelley responded that neither NCARB nor AIA requires their members to take ethics courses. AIA Indiana believes that the IPLA is doing a good job of protecting the public without overstepping.

Mr. Pope asked why commercial buildings and homes don't fall apart more often if there are loose requirements to become a licensed architect. Mr. Shelley responded that most homes and buildings are cookie cutter building plans designed by other architects. Also, architects are more like conductors of a "building orchestra;" they are trained in all areas, but they typically rely on experts for specific aspects of construction. Les Smith, faculty at Ball State, spoke up and mentioned that the data from the landscape architect exam demonstrates that the majority of candidates do not pass construction aspects of the exam until they have had 2-3 years of experience in the profession and have had a chance to apply those practical skills.

Mr. Rhoad asked if the IPLA is really the right home for overseeing this profession, since it is so heavily involved with public safety. Should the Dept. of Homeland Security take it over? Mr. Shelley responded that maybe a collaboration to help with the checks and balances of licensure requirements might be helpful. However, the fact that Indiana has had so few issues within this profession is a testament to the fact that the current system is working.

Mr. Timmerman asked if the internship program required for licensure is normal for other states as well. Mr. Shelley responded that all fifty states require internships for licensure in this profession. Mr. Timmerman added that there is a problem of the availability of these internship slots due to the recession. Are there any solutions to that? Mr. Shelley acknowledged that AIA Indiana is aware of the problem. Recessions hit this industry hard since construction slows when the economy is bad, so without new construction, fewer architects are needed. NCARB and AIA are very concerned

about the age of current licensees in the profession, as approximately 50% of AIA members and NCARB subscribers will be retiring in the next ten years. There might be a nation-wide shortage of architects on the horizon. Mr. Timmerman asked if the current internship requirement would limit people from entering the profession if those internship spots are hard to find. Mr. Shelley responded that it could be a restrictor, but we cannot afford to lower licensure standards without jeopardizing public safety.

Col Wilson asked if AIA Indiana could handle the architect licensing ceremony instead of the state. Mr. Shelley responded that it could be possible, but it would detract from the gravitas of the ceremony. Mr. Rhoad added that the current IPLA resources do not allow the time or staffing to plan an annual ceremony for these professional licenses. Mr. Shelley responded that AIA is a volunteer organization, and that he is the only paid employee. Their organization does not have the resources either to privately handle the oversight of licenses or planning a ceremony.

### **Report from Indiana Chapter of the American Society of Landscape Architects**

Stacy Haviland, president of the INASLA, presented a PowerPoint to the committee. The executive committee of the Indiana chapter is comprised of volunteers, while the national organization does have paid employees. Ms. Haviland explained the landscape architect profession, the path to licensure (education, experience, examination, and continuing education), and the economic impact of this profession.

Col Wilson asked about the nature of continuing education for this profession. What are the health/safety/welfare aspects? Ms. Haviland responded that new methods and ideas about effective water drainage protects things like building foundations, so it's important to stay educated. Also, with walkability becoming a popular aspect of city planning, it's important to stay up to date with information that will help landscape architects create stable, lasting designs that minimizes expense and damage while utilizing good engineering practices. Ms. Haviland continued her discussion of the economic impact of landscape architect licenses. The health and impact of the economy is tied to the building sector, and this profession can help raise poverty levels in some areas by increasing walkability through their designs.

Mr. Pope asked about the intersection of the architect and landscape architect professions. Would an architect be able to practice as a landscape architect without needing a second license? Ms. Haviland responded that architects would need to hire a civil engineer or landscape architect if they needed expert input on aspects of constructions such as hydrology.

Col Wilson asked if INASLA, given the opportunity, would be able to act as an agency of the state to manage the licenses of this profession. Ms. Haviland responded that it could be possible with resources, but she does not believe that it is in the best interest of the profession. As a consumer, she would not want an organization promoting the profession while also managing the licenses. Col Wilson explained that the State Board would still investigate and enforce violations, but the services that IPLA provides this professional would be under the control of INASLA. Ms. Haviland did not feel comfortable giving the committee a solid answer. Ms. Quandt asked about the number of landscape architects who are not members of INASLA. Ms. Haviland responded that the Indiana chapter only has 200 members, and not all members are licensed professionals. As a member of INASLA, there might be a concern regarding the neutrality of state laws being carefully administered without the interference or special interest of members of the organization. The organization is governed by bylaws from the federal organization, so national bylaws would need to change before an Indiana chapter could change bylaws for this state.

Mr. Rhoad asked if this profession could be taught at Ivy Tech or another community college instead of being a four-year classical degree. Ms. Haviland explained that there are different education requirements in the path to licensure, and one can have eight-years of experience in the field to be licensed without a college degree. Mr. Timmerman asked why there is a three-year experience requirement for college-educated landscape architects, as opposed to a one-year internship for architects? Ms. Haviland explained that the profession is so broad that more experience is usually necessary. Data shows that it takes about two years of experience in the field to pass all aspects of the exam. Mr. Timmerman asked about the credit hours required for continuing education. Ms. Haviland explained that as technology changes so often, that learning new computer programs or business practices are necessary for being successful in this profession.

Mr. Timmerman asked if the internship requirement might be prohibiting entrepreneurship in this field. Ms. Haviland explained that there are a lot of variables that come into solving a problem in a project in this profession, and an individual who hasn't seen complex projects getting resolved to meet health, safety, and budget concerns may have problems later. Internships are worthwhile to give a better foundation for students, whether they choose to go alone or join a firm.

Ms. Quandt asked if INASLA had any recommendations for improvements. Ms. Haviland responded that the organization is satisfied with the status quo, but they agree with a few things suggested by AIA Indiana. A licensing ceremony would be nice, and they would like to see stronger enforcement for violations.

Mr. Rhoad asked about the number of people who may have been harmed in the last ten years by the incompetence or poor planning of landscape architects. Ms. Haviland responded that she is not sure, but nationally, other projects have failed due to poor geological grading or design aspects.

Col Wilson asked if it would be possible to design a course of study at the junior college level or trade school level in a very specific and focused way so that a student would only have to take relevant courses to enter this profession. Ms. Haviland responded that it is possible to have a hybrid path that includes trade-relevant courses, but students still need business knowledge, contractual information, etc. A focused curriculum may not provide a student with everything they need to know, but it might be worth taking a look at other models for such a program.

### **Break for Lunch**

The committee reconvened at 1:30 PM.

### **Presentation from the Home Inspectors' Licensing Board**

Jeanette Langford, Director of Home Inspectors Licensing Board, presented information to the committee about the license types, functions, and fiscal responsibilities of the Home Inspectors Licensing Board. She explained that the home inspectors have the highest licensing fee of any other professional license.

Col Wilson asked who is responsible for setting the licensing fees. Ms. Langford answered that the fees were set by the rules voted on in 2003, and that the Board at that time chose to set the fees at the maximum. Col Wilson exclaimed that the high fee sounds like extortion and that the state should not be charging so much. Mr. Rhoad added that the high licensing fee is in addition to what the home inspectors pay for continuing education requirements. Ms. Langford explained that the Board has recently determined that they would like to lower the fees to a more appropriate level. None of the original board members who voted to set the fees so high in 2003 are now on board. The Board would like to see the licensing fees set to a \$50 renewal fee.

Col Wilson asked if it's necessary to have an assistant director and a director to just manage four customer service representatives. Ms. Langford responded that yes, it is necessary as they manage five different boards. Col Wilson asked if she felt that the board was understaffed, and Ms. Langford responded that she believes they have a good balance at the moment.

Col Wilson asked if she felt it was necessary to have separate boards for different professions, or if all of the licensing boards should be consolidated. Ms. Langford responded that it wouldn't make a difference on an administrative level, but customer service could suffer as some boards may not get the attention they need. Col Wilson commented that it seems like there is a lot of infrastructure supporting these things, and he wonders if there is too much oversight. Mr. Rhoad asked about how much time it takes for Ms. Langford's staff to prepare for the various Board meetings, and how packed are the agendas for the current board meetings. Ms. Langford responded that each board meeting lasts about 6-8 hours.

### **Presentation from the Indiana Attorney General's Office regarding Home Inspectors**

Mr. Pope presented again to the committee.

Col Wilson asked about the lowest levels of repercussion issued by the AG's office for professional license violations. Mr. Pope responded that the level of severity contains warning letters, reprimands, mandatory continuing education, probation, suspension, revocation, and cease & desist. He also explained that technically, the most severe penalty that can be imposed by the AG's office is a suspension for a period longer than seven years.

Ms. Krevda asked if Mr. Pope had a breakdown of the type of complaints that make it to the litigation process. Mr. Pope said that a breakdown is available, and most of the recent violations were from licensed individuals who committed some kind of violation. Only a few were cease & desist orders. A violation doesn't necessarily indicate criminal activity, and it usually stems from an administrative error or failure to get continuing education.

### **Presentation from the Indiana Chapter of the American Society of Home Inspectors**

Danny Maynard, INASHI President, presented to the committee.

Col Wilson asked about how many hours of continuing education do home inspectors need? Mr. Maynard responded that sixteen hours per year are required and that INASHI provides continuing education training for \$7/hour for members and \$10/hour for non-members. It's cheaper than the \$10-15/hour you find in the private sector. Mr. Maynard believes that this kind of extensive, required continuing education discourages "hobby practitioners" from deciding to "try their hand" at this kind of profession due to the low licensing fee.

Mr. Maynard thinks that about 85% of the homes sold in Indiana are inspected by a licensed home inspector before the sale. He believes that roughly one of our every 29 inspectors receive a complaint sometime in their career, but those numbers are approximate. Mr. Maynard is generally in favor of keeping the Home Inspectors Board just the way it is. He recalls that there was once a legislative committee that discussed merging it with the Real Estate Commission, but he believes that it could create a conflict of interest if the home inspectors are voting on realtor issues and vice versa. It could ultimately add another obstacle in the process of keeping the home buying process smooth.

Mr. Maynard also discussed a few possible changes to the Home Inspectors Board. It may not be very popular at first, but he believes that establishing a uniform inspection report would help clarify home inspection reports. The way reports are outlined currently is up to the home inspector, and sometimes it's hard for realtors to get the information straight-forward since the report itself is so subjective. Col Wilson asked if a report could be generated where the information required is in the same place in the report, but the individual can add their specific information. Mr. Maynard responded that yes, it is possible. Texas implemented a uniform inspection report. Overall, INASHI thinks that IPLA does a great job overseeing the profession.

Mr. Rhoad asked if there is currently not a requirement for a home sale to have a home inspection. Mr. Maynard responded that a home inspection report is not necessary unless a bank requires it. Most mortgage lenders have even dropped the termite inspection requirement.

Mr. Rhoad asked that since home inspectors already have two or three national trade organizations that set national standards for the trade, would it be wise to require that those wanting a license be an active member of one of those trade organizations. Mr. Maynard responded that the level of requirements for membership in these trade organizations varies greatly, and some have no requirements. Others have a test or experience requirement for membership. All of the trade organizations compete for members in different ways.

Col Wilson asked if home inspectors in Indiana do business out of state. Mr. Maynard responded that it happens in border towns. Some other states have lengthy apprenticeships required for licensures.

Mr. Rhoad proposed a further discussion of the licensing fees for this profession. He believes that this is an honest profession, like many others, and \$450 every two years is just an inappropriate amount—especially since none of it goes to consumer protection. The fee amount is arbitrary and limits entry access to this profession. He doesn't see what value that adds to protect consumers or professionalize the industry. Col Wilson added that he believes it is state-sanctioned extortion. Mr. Maynard added that at the time the fees were set, it was not yet known how much it would cost to fund the Board functions. Col Wilson added that if the profession does not require a college degree or a specified extensive body of knowledge, it should not cost this much for licensure.

Ms. Quandt asked if Mr. Maynard would personally support lower licensing fees. Mr. Maynard responded that it would be a big savings to those in the profession, but it could invite "hobby inspectors". Mr. Rhoad asked why "hobby inspectors" would be troubling. The committee's goal is to make it easier for people to enter these professions. Mr. Maynard explained that he agrees that the fee is too high, but he believes that lowering the licensing fee could attract those who are not going to exhibit the kind of quality that organizations like INASHI are trying to promote within the profession.

Col Wilson explained that he feels that the high licensing fee is an artificial barrier or a "pay to play" for the industry. Mr. Maynard elaborated that he would like to see more experience requirements if the licensing fee is lowered, but that would require a trip back to the legislature.

### **Concluding Discussion by the Committee**

Ms. Quandt proposed that if INASHI wants to create some kind of barrier to entry with the higher licensing fees, what if the initial licensing fee was high, but the renewal was much cheaper. Mr. Rhoad added that it would ultimately be the Board's decision to give the committee a figure for a new licensing fee. Col Wilson asked if it would be easier to use a metric to determine a new fee



instead of just making up a fee. That would prevent some Boards from charging \$450/year and another charging \$50/year with no rhyme or reason. Ms. Quandt asked if the license fee should have some relation to the cost of processing that license. Mr. Rhoad explained that as IPLA is an umbrella agency, fees collected from licensing are collectively passed on into the General Fund. Col Wilson asked that perhaps a better recommendation to the legislature would be to change PLA to a working capital fund instead of an umbrella agency that would ultimately give the IPLA more control over their collected fees. That way, any “profits” after the costs to administer IPLA’s programs could be used towards solid enforcement of the various licenses. Any leftover money could be given back to the General Fund. Mr. Wright suggested that the next step would be to develop the metrics to determine funds and maximize efficiency. Successful companies know their costs, so figuring out the actual costs of processing each of these professional licenses would help the committee better generate the metrics necessary to appropriately assign licensing fees to professions.

Mr. Timmerman explained that since the IPLA has such a complex fee structure, it’s difficult to explain. Ms. Krevda added that regardless, it’s important to make things more transparent in regards to the licensing fees. It seems that each individual board wants more funds dedicated to the enforcement of their licenses, and there must be way to provide them with those resources.

#### **Adjournment**

Chairman Rhoad adjourned the meeting at 3 PM.

#### **NEXT SCHEDULED MEETING FOR THE JOB CREATION COMMITTEE**

January 15, 2015  
Indiana Government Center-South  
402 West Washington Street, Room W064  
Indianapolis, IN 46204